



COUNTY ADMINISTRATOR'S OFFICE

PIMA COUNTY GOVERNMENTAL CENTER
130 W. CONGRESS, TUCSON, AZ 85701-1317
(520) 740-8661 FAX (520) 740-8171

C. H. HUCKELBERRY
County Administrator

October 22, 2004

Yoram Levy
Triangle Venture, LLC
177 North Church Avenue
Tucson, Arizona 85701

Re: Rosemont Ranch

Dear Mr. Levy:

This letter is to confirm our discussion at a meeting on October 7, 2004, regarding acquisition of Rosemont Ranch and related mineral, water, and lease rights. First, let me say I very much appreciate your desire to conserve the natural, cultural and archaeological resources of Rosemont Ranch. This property has been the subject of significant public controversy in the past due to potential mining activities. The community desires and needs certainty with respect to the future of Rosemont, and your willingness to consider conservation of these assets is very much appreciated by Pima County. In fact, a portion of the Rosemont Ranch property, the Helvetia site, is on the County's 2004 bond program for acquisition and preservation as an historic mining community. Further, the balance of the Rosemont fee and lease property is almost entirely within the designated biological core area of the Multiple Species Conservation Plan of the Sonoran Desert Conservation Plan. Hence, the property carries a high biological value associated with priority conservation areas.

Unfortunately, Rosemont Ranch was not designated as a habitat protection priority in the 2004 bond issue. I believe this primarily occurred because of a lack of focus on private in-holdings within the Coronado National Forest. A very large percentage of Rosemont Ranch is a private in-holding and was probably overlooked for designation as a habitat protection priority in the 2004 bond issue because of such.

Pima County has established a series of processes and mechanisms to ensure that the properties acquired through the 2004 bond issue are the highest value conservation lands. This process will have to be followed in the acquisition of Rosemont Ranch. Because almost all of the property lies within the biological core as established by the Science Technical

Advisory Team to the Sonoran Desert Conservation Plan, we will ask this body to recommend to the Conservation Acquisition Commission that Rosemont Ranch be included as a habitat protection priority, eligible for the expenditure of 2004 bonds established for this purpose. Further, the property will require inclusion, if recommended by the Conservation Acquisition Commission, in the bond ordinance, which requires a recommendation from the Bond Advisory Committee and ultimately approval by the Board of Supervisors. I believe that this property is of such importance for acquisition from both a biological resources perspective, as well as from its values associated with historic and cultural preservation, not to mention the community controversy associated with mining that these approvals are achievable. Based on and assuming said approvals, I am prepared to provide you with the following offer to purchase Rosemont Ranch:

- A. Approximately 2,725 fee acres of fee land will be acquired by Pima County for an amount of \$10,500,000.
- B. This will leave approximately 235 acres around the improved ranch property of Rosemont Camp to continue in your ownership, subject only to the limitations of being divided not more than five times, with the smallest property being not less than 36 acres, and that conservation easements limiting development on the individual parcels to no more than a home site and supporting facilities for ranch operations be entered into by the owner.
- C. All water rights associated with the entire property will be conveyed to Pima County.
- D. All mineral rights associated with the fee simple properties will be conveyed to Pima County.
- E. Unpatented mining claims of approximately 10,000 acres for which claim fees are paid on an annual basis will be reserved for Pima County, with the intent of having the unpatented mining claims extinguished and the area withdrawn from mining through Congressional action. Payment of any annual claim assessments will be subject to negotiation.
- F. Grazing leases on approximately 18,000 acres of the Rosemont Ranch that may include both state and federal lands will be retained by the Triangle Venture Partnership for a period of not less than the present term of said leases and will be applied for a period of 25 years.
- G. In consideration of the payment referenced in Item A above, the partnership will continue to manage and operate an agricultural ranching operation on Rosemont Ranch in a manner consistent with conservation ranching principles, subject to an agreed-upon management plan between Pima County and the Partnership. The management agreement shall oblige the Partnership to manage, secure, maintain and operate the ranch so that the federal and state grazing leases are retained.

Yoram Levy
Rosemont Ranch
October 22, 2004
Page 3

Given the process requirements of review by the Science Technical Advisory Team of the Sonoran Desert Conservation Plan, the Conservation Acquisition Commission, the Pima County Bond Advisory Committee and Board of Supervisors, it is likely that actual acquisition closing on any transaction will not take place until May or June of 2005.

I very much appreciate the opportunity to discuss this matter with you. I hope that this letter accurately summarizes the verbal offer made at our October 7 meeting. I would appreciate hearing from you at your earliest convenience regarding this proposal.

Sincerely,

A handwritten signature in black ink, appearing to read "C.H. Huckelberry". The signature is written in a cursive style with a long, sweeping tail on the final letter.

C.H. Huckelberry
County Administrator

CHH/jj